



FedFin Weekly Alert

Monday, November 6, 2023

❑ BYE-BYE BASEL???

Later this week, HFSC's Financial Institutions Subcommittee plans finally to hold a long-delayed hearing scrutinizing another aspect of controversial capital proposals: how closely these hue to global norms and, if they do, the extent to which U.S. agencies are sacrificing U.S. interests in pursuit of global comity. The GOP hasn't much use for most of this comity if it comes attached to new rules, and this point will be more than clearly expressed at the hearing. Democrats generally don't expend much political capital defending global institutions. Indeed, when these threaten home-town interests, they join with Republicans as Sen. Brown (D-OH) did in 2014 when it came to passing legislation demanding that international insurance rules be significantly altered in concert with new transparency standards forcing U.S. agencies to tell Congress what they might be about when it came to endorsing future global insurance proposals ([see FSM Report INSURANCE41](#)). This time around, House bills are [pending](#) to force similar transparency and limits when it comes to global banking rules. We doubt Sen. Brown this time will agree to them, but it will first be up to Chairman McHenry (R-NC) to decide the next steps. These are likely to include mark-up, but the panel has a lot else to do on its other issues more critical to the chairman – e.g., crypto legislation – caught up in the prolonged speakership battle.

Headlines From the Past Week's Daily Briefings

October 30

- No news of note.

[October 31](#)

- **HFSC GOP Turns to Merger-Policy Demands** - Financial Institutions Subcommittee Chair Barr (R-KY) and Rep. Fitzgerald (R-WI) sent the federal banking-agency heads a stiff [letter](#) demanding to know when they plan finally to issue the long-promised bank-merger policy following public notice and comment.
- **China Leads New BIS CBDC Pilot** - In a new CBDC [project](#) sponsored by the BIS's Innovation Hub, central banks either directly associated with China or within its ambit will focus on multi-CBDC wholesale cross-border payments.
- **White House, Labor Turn to Retirement Advice "Junk Fees"** - Building on its "junk-fee" [initiative](#), the White House [expanded](#) Obama-era "best-interest" standards to retirement advisers to close what it believes are loopholes in the SEC's jurisdiction under its broker-dealer best-interest standard.

Federal Financial Analytics, Inc.
2101 L Street, N.W. – Suite 300, Washington, D.C. 20037
Phone (202) 589-0880
E-mail: info@fedfin.com www.fedfin.com

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- **BIS CPMI: Even Sound Stablecoins May Not Be Worth the Effort** - A new [report](#) from the BIS Committee on Payments and Market Infrastructures finds that properly designed and regulated stablecoins could improve cross-border payments by increasing speed and transparency while lowering costs, especially in emerging markets and developing economies.
- **GAO Vacates Key SEC Crypto Ruling** - The GAO released a [report](#) finding that the SEC's staff accounting bulletin (SAB) 121 is a rule subject to the Congressional Review Act, throwing a key Gensler anti-crypto ruling into immediate ineffectiveness and an uncertain future.

November 1

- **Vance, GOP Seek to Reverse New Immigration Credit Ruling** - Following a joint CFPB-DOJ [statement](#) asserting that financial institutions' "unnecessary or overbroad reliance" on immigration status in a credit decision may violate the ECOA, Sen. Vance (R-OH) along with all Republican members of the Senate Banking Committee sent a scathing [letter](#) to CFPB Director Chopra and DOJ AG Garland urging the regulators to retract it on legal and financial stability grounds.
- **Congress Takes on SEC Custody Construct** - Members of Congress are mobilizing against the SEC's custody proposal ([see FSM Report CUSTODY5](#)) following the block-buster GAO ruling against the SEC's [SAB 121](#) ruling, a ruling with considerable impact also in the broader custody rewrite.
- **Powell Pledges Fed Capital Consensus** - In the midst of much monetary-policy [discussion](#), Chair Powell now said more publicly that the Fed will work towards consensus on controversial capital rules.

November 2

- **CFPB Presses Case for Nonbank CRA Regs** - Following Director Chopra's [call](#) for more state CRA rules covering nonbanks when he voted in favor of the new federal CRA regulation, the CFPB issued a [report](#) echoing the need for greater nonbank oversight in state CRA rules due to increasing nonbank market influence.

November 3

- **FSOC Advances Designation Framework, Ready to Deploy** - The FSOC voted unanimously to finalize the Council's analytic framework for financial stability risk identification ([see FSM Report SYSTEMIC95](#)) and guidance on nonbank financial company systemic designations ([see FSM Report SIFI35](#)).

This Week

Tuesday, November 7

HFSC Subcommittee on Financial Institutions and Monetary Policy Hearing entitled: "The Tangled Web of Global Governance: How the Biden Administration is Ceding Authority Over American Financial Regulation." [10:00 am, 2128 RHOB]. Witnesses: **Thomas Hoenic**, Distinguished Senior Fellow, Mercatus Center, George Mason University; **Christina Parajon Skinner**, Assistant

Professor of Legal Studies & Business Ethics, Wharton School, University of Pennsylvania; **Bryan Bashur**, Director of Financial Policy, Americans for Tax Reform; and **Renita Marcellin**, Advocacy and Legislative Director, Americans for Financial Reform.

Wednesday, November 8

HFSC Hearing entitled: "A Review of Our Sanctions Regime and Efforts to Combat Terrorist Financing." [10:00 am, CVC Auditorium]. Witnesses: TBD. [Likely classified].

Thursday, November 9

HFSC Hearing entitled: "Member Day." [9:00 am, 2128 RHOB]. Witnesses: TBD.

Future Events of Note

Wednesday, December 6

Senate Banking Hearing on the Oversight of the Nation's Largest Banks. [TBD]. Witnesses: **Mr. Jamie Dimon**, Chairman and CEO of JPMorgan Chase & Co.; **Mr. Brian Thomas Moynihan**, Chairman and CEO of Bank of America; **Ms. Jane Fraser**, CEO of Citigroup; **David Solomon**, Chairman and CEO of Goldman Sachs; **Robin Vince**, President and CEO of Bank of New York Mellon; **James P. Gorman**, Chairman and CEO of Morgan Stanley; **Ronald P. O'Hanley**, Chairman and Chief Executive Officer, State Street; and **Mr. Charles W. Scharf**, CEO and President of Wells Fargo & Company.

Recent Files Available for Downloading

The following reports and analyses have been sent to retainer clients recently. Copies are also available to retainer clients on the Archives section of Federal Financial Analytics' website: www.fedfin.com or clients may obtain the reports/analyses by e-mailing info@fedfin.com giving the requested item name, firm, and e-mail address. To learn more about *GSE Activity Reports*, click [here](#).

- **CLIMATE17**: The banking agencies have joined together to issue inter-agency climate-risk guidance based on proposed standards from the FDIC, OCC and FRB.
- **INTERCHANGE12**: As suggested when the Fed last year finalized controversial new debit-card routing requirements, the central bank is now proposing a sharp reduction in the cap mandated on debit-card interchange fees under the Dodd-Frank Act's Durbin Amendment for debit-card issuers with over \$10 billion in assets.
- **AI3**: In this report, we assess the detailed [executive order](#) (EO) issued late Monday afternoon after days of private showings of selected versions.
- **DATA4**: Following a request for information that was a de facto advance notice of proposed rulemaking, the CFPB has now proposed a preliminary, but binding framework for consumer data rights covering consumer "transaction" accounts offered by banks, credit unions, and – a departure from the initial outline – nonbanks/fintechs.
- **GSE-102323**: As noted in our report [earlier today](#), the Federal Reserve's latest financial-stability [report](#) expresses deep misgivings about complex securitizations.

- **[SYSTEMIC97](#)**: As [promised](#), this in-depth report assesses Friday's semiannual financial-stability report from the Federal Reserve.
- **[DEPOSITINSURANCE122](#)**: Bipartisan senators have introduced legislation to provide FDIC coverage for certain noninterest-bearing transaction accounts, a move designed to prevent the stress and potential systemic risk evident when Silicon Valley and Signature Banks failed in March.
- **[GSE-101723](#)**: [As we noted](#) earlier this month, the Federal Reserve inserted a significant capital provision for credit-linked notes in an otherwise-obscure FAQ.
- **[GSE-101623](#)**: The White House today rolled out a [new housing plan](#) that smacks mightily of many old housing plans.
- **[GSE-101323a](#)**: With smaller lenders [today](#) joining MBA, NAR, and HomeBuilders' [campaign](#) to squeeze the 30-10 spread, we take a look at the odds the White House, Fed, or Treasury will do as hoped.
- **[GSE-101323](#)**: As we noted yesterday, OMB's Office of Information and Regulatory Affairs (OIRA) has pronounced a new pro-competition standard for all existing and prospective federal regulations.
- **[CONSUMER52](#)**: Using its advisory process to issue guidance that may lead to enforcement actions, the Bureau has for the first time set standards for the obligations of large banks and credit unions to respond to certain consumer inquiries.